

Customer Satisfaction in the Outdoor Advertising Industry: A Case of Alliance Media Ghana Limited

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Abstract

Outdoor Advertising companies, in searching for new approaches to satisfy customers, are increasingly using service as a differentiator and as a means of integrating themselves into the customers' supply chain systems. This study explored the concept of employing service quality in an outdoor industry to create customer longevity using the SERVQUAL model. Simple random sampling was used to select forty customers of Alliance Media Ghana Limited (AMG). A multiple regression analysis was employed to find out which of the service quality variables had significant impact on customer satisfaction. The results revealed that service quality indicators such as responsiveness and empathy significantly impact on customer satisfaction. Based on these findings, it is recommended that management should develop strategies to enhance its service quality delivery.

Keywords: Outdoor advertising, Service quality, Customer satisfaction, Alliance media

1. Introduction

Increasing competition and product proliferation, overcapacity, and changing customer expectations are just a few of the issues that have changed the competitive landscape of the outdoor marketplace (Humphery, 2003). The current environment can be categorized as hyper-competitive, where margin compression becomes particularly acute and vulnerabilities that were previously hidden by healthy economic conditions become exposed (Humphery, 2003). Ensuring continued viability and optimizing financial performance in less than ideal market conditions is largely predicted on the degree to which an outdoor advertising organization can differentiate its products and services from the competition. Indeed research in a variety of industries and markets repeatedly shows that organizations that outperform the competition in terms of satisfying their customers are the ones that garner the highest levels of loyalty, brand advocacy, and service performance (Humphery, 2003). Within the outdoor industry, satisfying customers requires not only a quality product but also effective management of all customer interactions or "touch points" throughout the ownership experience. Improving the level of performance in the area of service quality and customer satisfaction provides a company

with an excellent opportunity to attain greater marketplace differentiation as well as to increase loyalty and brand advocacy.

In Ghana, outdoor advertising remains one of the most dominant in the advertising industry. The outdoor advertising industry in Ghana had suffered widespread distress as a consequence of the reform policies of location restraints and government control of outdoor structures. Alliance Media Ghana (AMG) opened its doors to the Ghanaian public in the year 2000. The challenge in entering into a developed and highly competitive outdoor market was to provide different and effective media that stood out above the others. The challenge was accepted and achieved by the local team who implemented new media types employed by the Alliance Media group in other countries. The company achieved huge success with their Suburb Signs, Bus Shelters and Billboards which were seen to stand out as a result of their key locations, their strong levels of maintenance and their high quality of manufacture. It took just over four years of hard work for Alliance Media to be recognized as the country's premier outdoor advertising contractor, owning more sites and more media types than any other company. The desire to remain a market leader in the outdoor advertising industry requires that Alliance Media Ghana continues to seek and adopt strategies aimed at improving customer satisfaction, service delivery and productivity.

In spite of the importance of service quality and customer satisfaction to the survival of firms, most research on the concepts have been carried out in developed countries and in different industries (Boohene & Agyapong, 2011). Few studies have been carried out in Ghana and particularly in the advertising industry. The main objective of this research, therefore, is to identify the role of the service quality variables in enhancing customer satisfaction in AGM.

2. Research Framework

2.1 The Theory of Consumer Behaviour

The theory of consumer behaviour proposed the consumer preferences (personal taste for a range of products) and utility (satisfaction) theories. The theory assumes completeness, transitivity and maximization. It explains the demand for goods, and in particular, how demands are influenced by changes in prices and income (Sugden, 1992).

Belch and Belch (2007) define consumer behaviour as 'the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires. According to Samuelson (1938), the theory of consumer's choice has marched steadily towards greater generality, sloughing off at successive stages unnecessarily restrictive conditions. The subject matter of consumer behaviour has seen greater applicability from economics through to marketing. From the general perspective, it has been applied to look into how people buy, what they buy, when they buy and why they buy. It blends elements from the theories of behavioural psychology and sociology in its intuitions. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics, psychographics and behavioural variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general (<http://www.wikipedia.org>).

Jacoby (1976) pointed out that consumer behaviour reflects the totality of consumers' decisions with respect to the acquisition, consumption and disposition of goods, services, time, and ideas by decision making units over time. Similarly, Belch and Belch (2004) posit that consumer behaviour encompasses the process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services so as to satisfy their needs and desires. It presupposes that the theory of consumer behaviour involves more than just how a person buys a good but includes the purchase of services, time and ideas. Also, it means the process of behaviour is dynamic and involves many more people. More so, apart from understanding what consumers acquire, use or dispose of, the theory prescribes activities including the understanding of whether, why, when, where, how, how much, how often and how long consumers will buy, use or dispose of a product. The theory of consumer behaviour has varied applications in business. The most obvious is for marketing strategy— that is, for making better marketing campaigns.

The understanding of the theory of consumer choice helps firms and organizations improve their marketing strategies by understanding issues such as the psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products); the psychology of how the consumer is influenced by his or her environment (e.g., culture, family, signs, media); the behaviour of consumers while shopping or making other marketing decisions; limitations in consumer knowledge or information processing abilities that influence decisions and marketing outcome; how consumer motivation and decision strategies differ between products that

differ in their level of importance or interest that they entail for the consumer; and how marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer (Hawkins et al. 1998). It helps clarify the nature of the type of value, quality, preferences, choices, feelings and actions of consumers and its possible effect on organisations (Churchill, Jr. and Peter, 1998). According to Belch and Belch (2004), one of the fundamental terms that underpin the behaviour of consumers is customer satisfaction.

2.2 Customer Satisfaction

The role of satisfaction in predicting behavioural intentions is well established in the literature (Anderson et al., 1994; Cronin and Taylor, 1992; Zeithaml et al., 1996), with the majority of studies assuming that previous experience of transactional customer relationships is a primary determinant of repeated purchasing behaviour. Ganesan (1994) found that long-term orientation is affected by the extent to which customers and vendors trust their “channel partners”. Each partner’s ability to provide positive outcomes to the other determines commitment to the relationship. Trust is therefore a major determinant of relationship commitment (Morgan and Hunt, 1994), and exists when there is confidence in a partner’s reliability and integrity. Ganesan (1994) proposed that a key component of trust is the extent to which the customer believes that the vendor has intentions and motives beneficial to the customer and is concerned with creating positive customer outcomes. Trust therefore is one of the key components that underline customer satisfaction.

Customer satisfaction could be viewed as the outcome of the difference between customer’s perception and expectation of service quality. Zeithaml and Bitner (2003) define service quality as the way in which the whole service experience is performed. Their model of customer perceptions of quality and customer satisfaction hypothesises that satisfaction is more of an attitude and this attitude would influence perceptions of service quality, which in turn would influence purchase intentions. Failure to provide reliable service may result in customer dissatisfaction and possible defection. This is based on the premise that a satisfied customer will continue to maintain a relationship (Hallowell, 1996) and that relationship will lead to loyalty and longevity. Zeithaml et al. (1990) arrived at the same idea by looking at the probable behaviour of the dissatisfied customer. They maintain that a dissatisfied customer is likely to switch to a competitor and may inform others of the bad experience. One study conducted by the US Office of Consumer Affairs indicated that one dissatisfied customer could be expected to tell nine other people about the experiences that resulted in dissatisfaction (Knauer, 1992). This raises the question of whether dissatisfied customers do actually “voice” their complaints or whether they simply do not buy from the same supplier again. Andreassen and Lindestad (1998) argue that customer defection may not necessarily be the natural outcome if switching barriers are high or if there are no real alternatives. Other factors preventing switching may be social pressure or cost of exit (Holmlund and Kock, 1996). Conversely, some customers although satisfied, are still willing to sample other suppliers in anticipation of even better results (Rust and Zahorik, 1993). Customers are value-maximizers and their perception that value is being received is also thought to influence retention (Chang and Wildt, 1994; Neal, 1999). It is worth noting that service quality is intangible (Cadotte et al., 1987) and satisfaction is based on an individual’s perceptions or emotions towards a product or service. Indeed, how customers perceive service quality is sometimes more important than the actual level of quality (Goncalves, 1997). It has thus proven difficult to obtain concrete, measurable results with clear conclusions from consumer satisfaction/dissatisfaction models.

2.3 The Relationship between the Service Quality Dimensions and Customer Satisfaction

The SERVQUAL model (Parasuraman, Zeithaml and Berry, 1988) suggests that the differences between customers’ expectations about the performance of a general class of service providers and their assessment of the actual performance of a specific firm in that class results in perceptions of quality. So that the first step in satisfying customers is to determine the level of customer service through service quality assessment. But is there a consensus among researchers, as they argue over whether high degree of service quality always brings about satisfaction. The work of Bitner, et al. (1990) proposed an alternative method and defined service quality as the customer’s overall impression of the relative inferiority/superiority of a firm and its service offerings. Antreas (1997) found that service provider perceptions about customer satisfaction are a function of perceived service quality.

According to Anderson and Sullivan (1993), there are strong linkages between service quality dimensions (e.g. courteous service providers) and overall customer satisfaction. However, little empirical research has examined the importance of service quality dimensions in determining customer satisfaction (Fisk, Brown and Bitner, 1993). While the number of underlying dimensions has been shown to vary with the service setting, it appears reasonable to suggest that the service core and relational dimensions will emerge in nearly all cases as they form the basis for the service. One of the most critical elements in a service market such as the advertising industry, is

the development of client relationships. The complexity of the products and services and the long-term nature of business relationships in the advertising industry mean that effective and satisfactory business relationships are of the greatest importance in the marketing of advertising services. According to the principles of relationship marketing, successful business relationships enhance client satisfaction and thus enhance the performance of firms. In the past, relationship satisfaction has been conceptualised as a prerequisite for relationship quality. Crosby and Stevens (1987) identified three levels of relationship satisfaction and these are interactions with personnel, core service and the organisation.

In their study of insurance customers, Crosby and Stevens (1987) found that all three levels contribute to overall satisfaction with the relationship. In a business context, relationship satisfaction has been defined as a positive affective state resulting from a firm's appraisal of all aspects of its working relationship with another firm (Anderson and Narus, 1990; Ganesan, 1994; Dwyer et al., 1987). Satisfaction with the relationship is important, but satisfaction per se does not automatically lead to repurchase (Reichheld and Aspinall, 1993). Some studies have investigated the relationship between service quality and consumer satisfaction, and although they have highlighted the antecedent role of consumer satisfaction in perceptions of service quality (Bolton and Drew, 1991; Boulding et al., 1993), most findings actually support a reverse cause-and-effect relationship (Dick and Basu, 1994). Mittal and Lassar (1998) found that there was a relationship between service quality and customer satisfaction. Elnan and Andersen (1999) proved a positive relationship between service quality and customer satisfaction in the bus industry in Norway. A study by Ojo (2010) in the telecommunication industry showed that a positive relationship exists between the service quality dimensions (empathy, reliability, responsiveness, tangibility, assurance) and customer satisfaction. The same relationship is demonstrated by Cook (2008) and Oyeniyi and Abiodun (2008). Fornell et al. (1996) argued that perceived quality, which had been explained as the served market's evaluation of recent consumption experienced, would have a direct and positive impact on overall customer satisfaction. In addition, Gallarza and Saura (2006) confirmed a clear pattern in which satisfaction is the behavioural consequence of quality. Figure 1 illustrates the relationship between the service quality variables and customer satisfaction.

=INSERT FIGURE 1=

The framework above indicates that perceived quality is considered as an antecedent of customer satisfaction (Woodside et al., 1989; Reidenbach and Sandifer-Smallwood, 1990; Cronin and Taylor, 1992; Fornell, 1992; Anderson and Sullivan, 1993; Gotlieb et al., 1994; Spreng and Mackoy, 1996). It indicates that the quality of service measured by the SERVQUAL variables may lead to customer satisfaction. A vast number of specific constructs have been used in conceptual discussions and empirical examinations of customer satisfaction, yet they seem to have at least one thing in common (at a very high level of aggregation): they refer to the customer's relationship over time toward one specific object (a vendor, a brand, a service supplier, etc.) (Soderlund, 2005). Based on the preceding arguments, the following hypotheses are stated for testing:

H1: The more Alliance Media shows empathy to customers the higher the customer satisfaction.

H2: The more Alliance Media responds to customer complaints the higher the customer satisfaction.

H3: The more Alliance Media assures its customers of service quality the higher the customer satisfaction.

H4: The more Alliance Media shows that they are a reliable organisation in terms of their services the higher the customer satisfaction.

H5: The more Alliance Media meets customers' expectation of tangibles the higher the level of customer satisfaction

3. Methodology

The study adopted the survey methodology to generate quantitative data. The outdoor advertising industry in Ghana is dominant but with relatively small firms operating in it. AMG is currently the largest advertising company with a population of about 50. AMG was selected based on its structure and operations. The population of the study includes all customers/clients of AMG totalling 50 and comprising both corporate organisations and individuals. Out of the population, simple random sampling was used to select 40 clients who were willing to give their opinion on the activities of AGM.

According to Oliver's (1980) consumer satisfaction or dissatisfaction results from a positive or negative discrepancy between the outcome and the expectations of a purchase experience. Past experience is, therefore, deemed to be a factor contributing to shaping future intentions and desires to repurchase; the measurement of quality here was based primarily on the perception of services enjoyed during a previous encounter. Parasuraman, Zeithmal and Berry's (1985; 1988) SERVQUAL instrument was appropriate for this study. Some concern is

reported over what this instrument actually measures (Danaher and Haddrell, 1996; Van Dyke, et al., 1997), but its use cut across a range of industries such as hospitality, health care and retail banking, combined with its extensive use have led to its adoption, even though its use in a product-based industry has not been reported in the literature examined. SERVQUAL's five determinants of service (reliability, assurance, responsiveness, empathy, tangibles) formed the first five sections of the questionnaire. One additional section (six) sought information about customer satisfaction with attempts at service recovery (Lockshin and MacDougall, 1998), i.e. the ability of the company to handle service/quality problems when something goes wrong. Recognizing the difficulty reported in the literature with measuring satisfaction, section seven was included to examine overall satisfaction.

Questionnaires were used as the main research instrument. The SERVQUAL instrument which is frequently used to measure was adapted for the study. To improve the likelihood of response, the questionnaire was formulated with easy to understand close-ended questions that would take on average five to ten minutes to complete. Some re-phrasing of the questions were done after pre-testing, including the rewording of some of the original questions with a view to putting greater emphasis on service rather than on product quality. The final questionnaire contained eight sections, using five-point Likert scale. Questionnaires were administered to respondents who were briefed on the impending study by AGM. Thus, the data was collected at a point in time, but over a period of three weeks. In all, 40 completed responses were received. The questionnaires were then coded using SPSS.

According to (Hyndman and Kostenko, 2007) forty cases are enough to estimate ordinary regression especially for two/three variable regression. Thus, the multiple linear regression method was run using the stepwise method of entry to find out which of the service quality variables had significant impact on customer satisfaction. The multiple linear regression model is given by the function:

$$SAT = \beta_0 + \beta_1Tang + \beta_2Resp + \beta_3Rel + \beta_4Assu + \beta_5Emp + \epsilon \dots \dots \dots (1)$$

Where SAT – level of satisfaction

Tang – tangibles

Resp – Responsiveness

Rel – Reliability

Assu – Assurance

Emp - Empathy

4. Results and Discussion

As indicated earlier, the study sought to investigate which of the service quality indicators have significant influence on the level of satisfaction of AMG customers. In order to satisfy some of the assumptions of regression analysis, a scatter plot was used to examine multicollinearity among the variables.

= INSERT TABLE 1=

Multicollinearity was assessed by examining the pairwise inter-correlations among the predictor variables and the criterion variable as shown in the table 1. Since majority of the correlation figures between the variables are highly correlated, the problem of multicollinearity was encountered because the higher the multicollinearity, the greater the difficulty in partitioning out the individual effects of independent variable, accordingly the regression coefficients become unstable and unreliable.

Hence, to solve the problem of multicollinearity, a log transform of the dependent variable that is the satisfaction variable and predicting variables were obtained and saved as standardized figures of the z-score. These were then used to run a multiple linear regression model using the stepwise entry method of the predictor variables.

In the stepwise method of entry, variables that are entered will be checked at each step for removal. Likewise, in the removal method, variables that are excluded will be checked for re-entry.

= INSERT TABLE 2=

From Table 2 the result of the regression analysis for model 1 and model 2 indicate $R = 0.801$ and $R = 0.852$ respectively which implied that there is a strong relationship between the predictor variables and the customer satisfaction level. From Model 1, the predictor variable explains sixty four percent (64%) and that of model 2 explained seventy two (72%) of the variance in the satisfaction level. This implies that as a predictor variable has been included in the second model the R squared and as such the adjusted value has improved. Since $p < 0.01$, from the ANOVA table given $F = 53.589$ for model 1 and $F = 38.302$ for model 2, it indicates that both models are

highly significant for any future predictions.

= INSERT TABLE 3=

The findings of the analysis in table 3 show that for model 1, responsiveness significantly and strongly impacts on the customer satisfaction level of AMG customers. This implies that responsiveness account for the sixty four percent (64%) of the satisfaction level of customers against all the other service quality factors in model 1. Model 2 indicates that empathy also has significant influence on the level of satisfaction. The standardized coefficient (0.393) of empathy is positive but not so strong as compared to that of responsiveness in model 2 (0.536). This explains that empathy is not strongly influencing the satisfaction level of AMG customers. Not surprisingly, there are strong linkages between service quality dimensions (e.g. courteous service providers) and overall customer satisfaction (Anderson & Sullivan, 1993). This study went a step further to determine if the measures for quality of service as rated by AMG customers have any significant direct linear relationship on their overall customer satisfaction. Interestingly, the results of the multiple linear regression analysis revealed that responsiveness and empathy in relation to the AMG's service delivery have significant influence on the satisfaction level of their customers which confirms the findings of Anderson and Sullivan, (1993). Surprisingly, little empirical research has examined the importance of service quality dimensions in determining customer satisfaction (Fisk et al., 1993).

5. Conclusion and Recommendations

This study sought to demonstrate empirically that customer satisfaction and service quality had a linear relationship and the items used to measure the service quality reflected the specific service setting of the outdoor advertising industry; Alliance Media Ghana Limited as the case study as suggested by Carman, (1990). The procedure to examine the divergence of satisfaction and quality of service was based on Parasuraman et al. (1991a) who summarized the nature of the core (outcome) and relational (process) constructs: reliability is largely concerned with the service outcome; tangibles, responsiveness, assurance, and empathy are more concerned with the service process. The results of this study depict the service outcome and process of Alliance Media Ghana Limited. Based on the findings, it is concluded that the service quality variables, particularly responsiveness and empathy are the main determinants of customer satisfaction for Alliance Media Ghana Limited. Therefore management and other practitioners in the industry should take steps to improve their service delivery as this will lead to the satisfaction of their customers.

Since we are in a fast growing economy, it is prudent for management to migrate from a state of average performance and aspire to achieve excellence. Although customers were moderately satisfied with the service quality indicators, their expectations were not noticeably met. Hence management should develop strategies to enhance its service quality delivery and more especially AMG should aim at being more reliable which directly affects their core service. This is a basis for further research as there is not enough research in this area in Ghana. Also, this study fills the void in the academic literature. We recommend that a further study should be done to investigate into cultural influence in assessing service quality parameters such as assurance and empathy. Finally, a further study should be conducted if not on the same agency considering the measurement of satisfaction including different phases of satisfaction in relation with the quality of service.

6. Limitations

Any study of service/product quality and relationship satisfaction should take into account their dynamic nature. For example, it would be extremely interesting to break down the relationship into chronological parts, and to examine, for each part, the variations in perceptions of service quality and relationship satisfaction, trust, and commitment. From a methodological perspective, critical-incident technique (Bitner et al., 1990, 1994; Johnston, 1995a, b; Kelley et al., 1993) could be applied with success. In addition, the measurement of satisfaction ignores the existence of different phases of satisfaction in a relationship with quality of service. This ignores the complexity of service offerings and satisfaction levels. The measurement thus fails to identify the existence of any turbulent incidents that might dramatically affect the relationship. Furthermore, the study was limited to just one company in the outdoor industry in Ghana – Alliance Media Ghana Ltd (AMG). Moreover, the reluctance and unwillingness of interviewees to cooperate was also prominent and difficult to overcome. Finally, the survey did not capture the cultural differences existing among business customers from various societal backgrounds. These cultural differences might lead to different perceptions of the attributes of empathy and assurance.

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Table 1. Multicollinearity

| | Tangible | Responsiveness | Reliability | Assurance | Empathy |
|-------------------------------|-----------------|-----------------------|--------------------|------------------|----------------|
| Tangible | 1.000 | | | | |
| Responsiveness | .607(**) | 1.000 | | | |
| Reliability | .367(*) | .588(**) | 1.000 | | |
| Assurance | .627(**) | .776(**) | .580(**) | 1.000 | |
| Empathy | .520(**) | .656(**) | .710(**) | .506(**) | 1.000 |
| Customers Satisfaction | .598(**) | .772(**) | .633(**) | .748(**) | .736(**) |

Table 2. Multiple Regression Analysis

| Mode | R | R Square | Adjusted R Square | Df | F | Sig (p) |
|-------------|----------|-----------------|--------------------------|-----------|----------|----------------|
| 1 | .801(a) | .641 | .629 | 31 | 53.589 | .000(a) |
| 2 | .852(b) | .725 | .706 | 31 | 38.302 | .000(b) |

a Predictors: (Constant), (Responsiveness Perception)

b Predictors: (Constant), Responsiveness Perception), (Empathy Perception)

c Dependent Variable: satisfaction

Table 3. The Relationship between the Service Quality Variables and Customer Satisfaction

| Model | | Standardized Coefficients Beta | T | Sig. |
|-------|----------------|--------------------------------|--------|------|
| 1 | (Constant) | | 85.328 | .000 |
| | Responsiveness | .801 | 7.320 | .000 |
| 2 | (Constant) | | 95.909 | .000 |
| | Responsiveness | .536 | 4.066 | .000 |
| | Empathy | .393 | 2.983 | .006 |

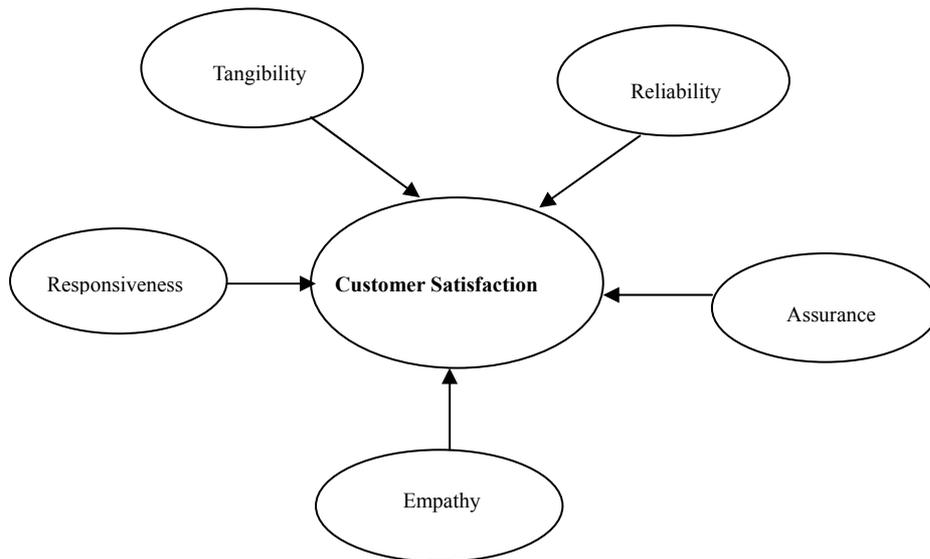


Figure 1. Relationship between the Service Quality Variables and Customer Satisfaction